

**HUNDRED AND NINETEENTH
REPORT**

**PUBLIC ACCOUNTS COMMITTEE
(1982-83)**

(SEVENTH LOK SABHA)

**LOADING COILS AND OVER-STOCKING
OF BARRETTOR LAMPS**

**MINISTRY OF COMMUNICATIONS
(P & T BOARD)**

[Action taken on 50th Report (7th Lok Sabha)]



Presented in Lok Sabha on 8.05.1982
Laid in Rajya Sabha on.....

**LOK SABHA SECRETARIAT
NEW DELHI**

August 1982/Sravana 1904 (S)

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PUBLIC ACCOUNTS COMMITTEE

(1982-83)

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Shri Satish Agarwal

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1. Shri T. R. Krishnamachari—*Joint Secretary*
2. Shri K. C. Rastogi—*Chief Financial Committee Officer*
3. Shri K. K. Sharma—*Senior Financial Committee Officer.*

INTRODUCTION

1. The Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf, this Hundred and Nineteenth Report on Action Taken by Government on the recommendations of the Public Accounts Committee contained in their 50th Report (7th Lok Sabha) regarding loading coils and overstocking of barrettor lamps.

2. The Committee had in their earlier Report dealt with a case of heavy accumulation of unpressurised coils valuing Rs. 1.30 crores as on September 1980 and had then desired to be furnished with details as to how, when and where this item was proposed to be utilised. According to P&T Department's assessment, the bulk of the existing stock costing about Rs. 0.92 crores would be consumed by various telecom. circles and telephone districts by 1983-84 and the balance quantity was expected to be consumed immediately thereafter. The Committee in this Action Taken Report have expressed doubts whether in view of the increasing use of pressurised coils in place of unpressurised coils, it would be possible for the Department to utilise the existing stock of unpressurised coils in the foreseeable future. They have therefore recommended that the desirability of converting the unpressurised coils expected to be left in stock after 1983-84 into the pressurised coils should be considered afresh.

3. On 11 June, 1982, the following Action Taken Sub-Committee was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Public Accounts Committee in their earlier Reports:

1. Shri Satish Agarwal—Chairman
2. Shri K. Lakkappa
3. Shri G. L. Dogra
4. Shri Sunil Maitra
5. Shri Bhiku Ram Jain
6. Shri Kalyan Roy

4. The Action Taken Sub-Committee of the Public Accounts Committee (1982-83) considered and adopted the Report at their

sitting held on 20 July, 1982. The Report was finally adopted by the Public Accounts Committee (1982-83) on 3 August, 1982. Minutes of this sitting of the Action Taken Sub-Committee form Part II of the Report.

5. For facility of reference and convenience, the recommendations and observations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in the Appendix to the Report.

6. The Committee place on record their appreciation of the assistance rendered to them in this matter by the Office of the Comptroller and Auditor General of India.

New Delhi;
August 3, 1982.

Sravana 12, 1904 (S)

SATISH AGARWAL
Chairman

Public Accounts Committee..

CHAPTER I

REPORT

1.1 'This Report of the Committee deals with the action taken by Government on the Committee's recommendations and observations contained in their 50th Report (7th Lok Sabha) on Paragraph 22 of the Report of the Comptroller and Auditor General of India for the year 1978-79 and paragraph 18 of the Report for the year 1977-78, Union Government (Posts and Telegraphs) regarding loading coils and over-stocking of barrettor lamps.

1.2 The 50th Report was presented to Lok Sabha on 30 April, 1981 and contained 20 recommendations. Action Taken Notes have been received in respect of all the recommendations/observations. According to the time schedule, the notes indicating the action taken by Government in pursuance of the recommendations and observations contained in 50th Report duly vetted by Audit were required to be furnished to the Committee latest by 30 October, 1981, but the last batch of replies was received on 24th April, 1982 (about 6 months after the stipulated date). The Committee would like to express their displeasure at this delay on the part of the Government in furnishing the replies within the stipulated time and expect the Ministry to adhere to the time-limit in future.

1.3 The Action taken notes received from Government have been broadly categorised as follows:

- (i) Recommendations and observations that have been accepted by Government:

S. Nos. 1, 2, 4, 11, 13—19.

- (ii) Recommendations and observations which the Committee do desire to pursue in the light of the replies from Government:

S. Nos. 5, 9 and 10.

- (iii) Recommendations and observations replies to which have not been accepted by the Committee and which require reiteration:

S. Nos. 3, 6—8.

- (iv) Recommendations and observations in respect of which Government have furnished interim replies:

S. Nos. 12 and 20.

1.4 The Committee desire that replies showing conclusive action taken wherever required on the above recommendations be processed expeditiously and the requisite notes submitted to the Committee after getting them vetted by Audit.

1.5 The Committee will now deal with the action taken by Government on some of their recommendations.

Overstocking of unpressurised loading coils (S. Nos. 3 and 6—Paragraph Nos. 1.87 & 1.90)

1.6 Pointing out that due to lack of coordination between the P&T Directorate and its various circles and districts in the matter of procurement of unpressurised coils, a large stock of this item of stores had accumulated, the Committee had, in paragraphs 1.87 and 1.90 of the 50th Report, recommended as follows:

“1.87 In the view of the Committee, one of the reasons for overstocking was that due to decentralisation in procurement, various P&T circles and districts were placing orders on ITI direct for supply of unpressurised loading coils. At the same time, even at the Central level orders were placed by DGPT. Thus there was utter lack of coordination between the Directorate and its various circles and districts in the matter of procurement of this item of stores. The consequence is that a large stock of unpressurised coils has accumulated. With the introduction of pressurised coils, the rate of normal consumption of unpressurised coils already in stock will go down. This is a matter of concern. The Committee, would, therefore, like to know as to how, when and where the balance stock of unpressurised coils valuing Rs. 1.30 crores is proposed to be utilised by the Department.”

“1.90 Faced with the problem of accumulation of unpressurised loading coils, the Department negotiated with M/s. Electrohms, Bangalore for conversion of unpressurised coils, into the pressurised type. An experimental order was placed on the firm in September 1970 for converting 23 loading coils of 400 pairs into pressurised type at a cost of Rs. 1.90 lakhs. So far 15 Nos. of such coils have been supplied by the aforesaid firm to Bangalore and Bombay Telephone Districts and full report on their performance is awaited. The Ministry. have stated that ‘conversion of additional quantities of pressurised type is not contemplated at this stage.’ The Committee find that the cost of conversion to pressurised coil involved an

expenditure of Rs. 8000 per piece whereas the cost of a new pressurised coil manufactured by the same firm ranged between Rs. 15910/- to Rs. 17,750/-. The Committee recommend that the Technical Team of Experts should go into the matter and advise on the following aspects:

1. Performance of the converted coils and how this compares with the performance of the new pressurised coils.
2. Desirability or otherwise of further conversion of the unpressurised coils into pressurised coils on technical and financial considerations.
3. If conversion is not expedient, how best the accumulated stocks of unpressurised coils can be utilised.

The Committee may be apprised of the findings of the Technical Team within 6 months of the presentation of the Report."

1.7. In their reply dated 17 April, 1982, the Ministry of Communications (P&T Board) have stated as under:

"1.87 An interim reply was furnished under O.M. No. 304-5/81-MMS dated 4th September 1981 in which it was indicated that an assessment was being made. This assessment has since been done. Considering the anticipated demands for unpressurised loading coils, the observation is that the bulk of the existing stock costing about Rs. 0.92 crores will be consumed in various Telecom. Circles and Telephone Districts by 1983-84. The balance quantity is expected to be consumed immediately thereafter."

"1.90 In the action taken note given under O.M. No. 304-5/81-MMS dated 4-9-1981 it was stated that a technical team was constituted and that the findings would be intimated in due course. The findings of the technical team are contained in para 8 of the report. As per findings, the following are the observations on the aspects raised by PAC:

1. The performance of the converted loading coils is expected to be identical with the performance of the new pressurised coils supplied by M/s. Electrohms. There may be a marginal variation in the life of the coil dobbins due to the process of recovery and re-use.
2. The team's observation is that the process of conversion is flexible enough to convert smaller sized unpressurised assemblies into large and standard sized pressurized ones

and this flexibility can be made use of to pool the resources of the entire country's stock and obtain the required sizes of pressurised cables.

3. The conversion is expedient as per the findings of the team. However as per Action Taken Note on para 1.87 the assessment is that there is demand for bulk of the unpressurised loading coils now in stock for use with unpressurised cables.

The findings and recommendations of Technical Team are being examined further."

1.8. In view of heavy accumulation of stock of unpressurised coils valuing Rs. 1.30 crores as in September 1980, the Committee had desired to be furnished with details as to how, when and where the accumulated stock of this item was proposed to be utilised. In their reply, the Department have stated that according to their assessment, the bulk of the existing stock costing about Rs. 0.92 crores would be consumed by various Telecom. circles and Telephone districts by 1983-84 and the balance quantity was expected to be consumed immediately thereafter. The reply of the Department thus clearly shows that due to total absence of coordination between the P&T Directorate and its various circles and districts in the matter of procurement of this item, there has been heavy accumulation with the result that the stock is not likely to be consumed even by 1983-84. The Committee cannot but conclude that this is a clear case of total negligence and disregard of principle of financial prudence on the part of the P&T Department. In view of the increasing use of pressurised coils in place of unpressurised coils, the Committee are doubtful if it would be possible for the Department to utilise the existing stock of unpressurised coils in the foreseeable future. The Committee would like the circumstances for such heavy accumulation to be investigated and responsibility fixed for the lapse.

1.9 The Committee had desired (para 1.90) that performance of converted coils vis-a-vis new pressurised coils, feasibility of conversion of unpressurised loading coils into pressurised ones from technical and financial point of view and proper utilisation of accumulated stocks of unpressurised coils if conversion was not expedient should be gone into by a technical team of experts. The Committee find that on the basis of the findings of the technical team the Government have come to the conclusion that the performance of the converted loading coils by and large is expected to be identical with the performance of the new pressurised coils. The process of conversion is flexible enough and this flexibility could be made use of to pool the resources of entire country's stock and obtain re-

quired sizes of pressurised coils. The Committee desire that the desirability of converting the unpressurised coils expected to be left in stock after 1983-84 into the pressurised coils should be considered afresh and the Committee informed of the concrete action taken in this regard.

Development of pressurised type loading coils (Sl. Nos. 7 and 8—Paragraphs 1.91-1.92)

1.10 Stressing the need to urgently find out alternative sources of supply of newly developed pressurised loading coils, the Committee in paragraphs 1.91 and 1.92 had observed as under:

“1.91. The decision to develop pressurised type loading coils was taken in 1970 and a tentative design was finalised by the TRC in 1971-72. M/s. Electrohms, Bangalore fabricated a prototype of 400 pair loading coil and offered in April, 1973 to supply at a price of Rs. 14650/- per coil. On receipt of this offer, the department issued a tender enquiry in 1972-73 for supply of 200 loading coils of 400 pairs each. Out of 13 firms which submitted their tenders only M/s. Electrohms whose rate was Rs. 15940 per loading coil had submitted the prototype as required under the tender conditions. In April, 1974, the department placed on it an order for supply of 200 loading coils of 400 pairs each valued at Rs. 31.88 lakhs at the tendered rate. The Ministry have informed the Committee that other firms did not respond although the department tried to see whether they could develop a prototype.”

“1.92. The Committee find that the department agreed to successive increases in rates per coil from Rs. 15940 to Rs. 16215 in April 1975 to Rs. 16727 in June 1977, and to Rs. 17750 in June 1979 in respect of the orders placed on M/s. Electrohms. The Ministry have explained that the increases were agreed to partly due to escalation in the cost of material and partly due to modifications in design. In all, orders worth Rs. 1.30 crores had been placed on this firm from supply of pressurised coils of different sizes. The Department have stated that this is the only firm in the private sector which is manufacturing pressurised type loading coils. The supply of such coils by ITI, a public sector undertaking, has been meagre all along. No wonder M/s. Electrohms took advantage of this situation and demanded increase in their rates of such coils from time to time and succeeded in getting the approval of the department. The Committee are now informed that the

Department have floated a fresh tender enquiry in August 1980 for supply of pressurised coils of different sizes. As pressurised coils will be required in large quantities for use with pressurised cables to be laid in the telecommunication network all over the country as also for the gradual replacement of the existing unpressurised coils already laid underground, the Committee expect that the Department will endeavour to develop on urgent basis alternate sources of supply of pressurised coils so as to obviate total dependence on one monopoly supplier from the trade as has been the case hitherto."

1.11 In their Action Taken Notes dated 25 January, 1982 the Ministry of Communications (P&T Board) have stated:

"The observations has been noted. On the basis of tender opened in August 1980, orders for pressurised loading coils have been placed on two firms. To develop more vendors for this item another tender for development-cum-supply of loading coils of pressurised type was floated on 14-7-1981."

1.12 The Committee were informed that the P&T Department had been placing orders for purchase of pressurised type loading coils with a private firm—M/s. Electrohms, Bangalore. The Department had agreed to successive increases in rates per coil in respect of coils supplied by this firm ostensibly because of the failure of ITI, Bangalore to supply the required quantities. As pressurised coils would be required in large quantities for use with pressurised cables to be laid in the telecommunication network all over the country as also for the gradual replacement of the existing unpressurised coils already laid underground, the Committee had desired that the P&T Department should endeavour to develop on urgent basis alternative source of supply of pressurised coils so as to obviate total dependence on one monopoly supplier from the trade. In their reply, the Ministry of Communication (P&T Board) had stated that on the basis of tender opened in August 1980, orders for pressurised loading coils had been placed on two firms and another tender for development-cum-supply of loading coils of pressurised type was floated on 14 July, 1981.

1.13 The Committee would like to be apprised of full details of the parties with which the orders for pressurised loading coils have been placed as well as the rates tendered by each of these firms and the final price settled with these firms. The Committee would also like to be informed of the outcome of the tender for the development-cum-supply of loading coils of pressurised type floated on 14 July, 1981 with a view to develop more vendors for this item.

CHAPTER II

RECOMMENDATIONS AND OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The remove distortion and attenuation of speech, loading coils are inserted by the P&T Department, in their underground cables at regular intervals. Earlier these loading coils were of unpressurised and were procured by the Director General, Posts and Telegraph (DGP&T) from the Indian Telephone Industries (ITI), Bangalore. To prevent entry of moisture into the cables and help locate the cable breakdowns speedily, the Department decided in 1970 and 1972 on pressurisation of underground cables, implying thereby, that the unpressurised coils in use till then would gradually be replaced by pressurised loading coils for which the Telecommunication Research Centre (TRC) had also finalised a tentative design in consultation with ITI in 1971-72. However, notwithstanding the aforesaid developments, based on the manufacturing capacity of ITI and the demands forecast by the Circles and the Districts, the DGP&T continued to place orders on the ITI for supply of unpressurised type loading coils. By July 1978 large stocks of unpressurised type loading coils valued at Rs. 1.16 crores had accumulated in the store depots of the P&T Department. By September, 1980 the value of the coils in stock had risen to Rs. 1.30 crores.

[Sl. No. 1 (Para 1.85) of Appendix III to 50th Report of PAC
(Seventh Lok Sabha)].

Action taken

The observation has been noted.

[Ministry of Communications (P&T Board) O.M. No. 305-4/81-
MMS dated 25-1-82].

Recommendations

As regards reasons for overstocking, the Secretary, Ministry of Communications explained during evidence that 'Orders were placed earlier by the various circles and districts directly on the ITI, orders were also placed from the Directorate. It seems, there was some

amount, though not very much, of excess ordering compared to what was actually needed on an annual basis or one or two year basis.'

[Sl. No. 2 (Para 1.86) of Appendix III to 50th Report of PAC
(Seventh Lok Sabha)]

Action taken

The observation has been noted.

[Ministry of Communications (P&T Board) O.M. No. 305-4/81-MMS
dated 25-1-1982]

Recommendations

A proposal to computerise the inventory control system as also other operations of the department is presently under consideration of the Government. The Committee would like to be informed of the progress made in this direction.

[Sl. No. 4 (Para 1.88) of Appendix III to 50th Report of PAC
(Seventh Lok Sabha)]

Action taken

Public Investment Board has recommended the installation of In-house, computers in the four metropolitan Telephone Districts of Bombay, Delhi, Calcutta and Madras. Cabinet has approved the project. Procurement action is being processed through the Department of Electronics.

[Ministry of Communications (P&T Board) O.M. No. 305-4/81 MMS
dated 24-10-1981]

Recommendations

The Committee find that on 3-3-1973, the Department estimated a requirement of 3.60 lakh barretter lamps for 1973-74. Against this requirement, the quantity ordered on ITI on 4-7-1973 was 4.59 lakhs (i.e. one lakh more) For the year 1974 and 1975, the forecast of requirement made on 15-11-1974 was 3.96 lakhs and 4.36 lakh Nos. respectively. Against these requirements, the order placed on ITI on 29-4-1974 was 5.00 lakh Nos. for 1974-75 and on 16-7-1975 for 4.36 lakh nos. for 1975-76. Thus against the forecast requirement of 11.92 lakh nos. for the years 1973-74, 1974-75 and 1975-76, the actual orders placed on ITI were for 13.95 lakh numbers. Against these orders, the supplies received by the Department were 13.48 lakh lamps (1.95 lakhs during 1973-74, 4.96 lakhs during 1974-75 and 6.57 lakhs during 1975-76). As on 31-7-1980, the stock of this item with the user units was 9.19 lakh numbers. Viewed from the fact that the average consumption of lamps was around one lakh pieces in a year,

the placement of orders for 13.95 lakh pieces for three years was far in excess of actual requirements. The explanation given by the Secretary, Communications during evidence was: 'Panic had gripped us....The panicky situation had forced this decision on the Directorate....to place orders which in retrospect certainly seem in too large ...There had been over-indenting on the ITI. I cannot possibly deny that....It is true that in 1974-75 and 1975-76 the system did not function properly.

[Sl. No. 11 (Para 2.56) of Appendix III to 50th Report of PAC
(Seventh Lok Sabha)]

Action taken

The observation is noted. Guidelines for forecasting of requirements and Schedule of maintenance spares for strowger Exchanges have been circulated to all Heads of Telecom Circles/Districts vide this office letter No. 24-4/81-MMC, dated the 28th March, 1981.

[Ministry of Communications (P&T Board) O.M. No. 53-1/81-MMC
dated the 4-2-1982]

Recommendation

The Committee expect that after the sad experience of over-stocking of barretter lamps, the DGP&T will pay greater attention to the functioning of its material management department so that such instances are not repeated.

[Sl. No. 13 (Para 2.58) of Appendix III to 50th Report of PAC
(Seventh Lok Sabha)]

Action taken

Case for setting up of a proper spares management organisation in the Department is under consideration. This covers various aspects of Strowger spares management like forecasting, procurement stocking, distribution, review of the consumption pattern and re-organisation of the Spares Management set-up in the field.

[Ministry of Communications (P&T Board) O.M. No. 63-1/81-MMC
dated 15-9-1981]

Further Action taken

In the Action Taken Note sent under OM No. 63-1/81-MMC dated 15.9.1981, it was intimated that case for setting up of a proper spares management organisation in the department was under consideration. This aspect was also gone into by the Committee on Telecommunications appointed by the Government during 1981.

The Committee has recommended strengthening of stores planning cell in the Circles/Districts and the Material Management cell in the Directorate. These recommendations have been accepted in principle by the Government and proposals are being formulated. This will cover various aspects of material management in the P&T Department.

[Ministry of Communication (P&T Board) O.M. No. 63-/81-MMC/
Vol. V dated 22.4.1982]

Recommendation

With effect from 1st April, 1976, "Barretter lamps" was deleted from the list of essential spares and accordingly all field units could thereafter place orders on ITI direct for this item. Yet, on 29.4.1977, the DGP&T placed an order on ITI for supply of 2.68 lakh lamps to 18 field units. The reason given by the Secretary, Communications during evidence, for the DGP&T replacing direct orders on ITI even after decentralisation of this item was: 'It now appears in retrospect that we had given them a wrong forecast that in 1976-77 our probable purchase would be 4.79 lakhs. Out of that we purchased from them only 2.68 lakhs. Having given that forecast we had a moral responsibility to bail them out.'

[Sl. No. 14 (Para 2.59) of Appendix III to 50th Report of P.A.C.
(7th Lok Sabha)].

Action taken

The observation is noted:

[Ministry of Communications (P&T Board) O.M. No. 63-1/81-MMC
dated the 4.2.1982]

Recommendation

The Committee regret to observe that the DGP&T had to place orders on ITI for supply of 2.68 lakh numbers of barretter lamps only to honour its commitment to ITI, although the Department knew that 'the field units had no requirements of this item immediately.'

[Sl. No. 15 (Para 2.60) of Appendix III to 50th Report of P.A.C.
(7th Lok Sabha)].

Action taken

The observation is noted:

[Ministry of Communications (P&T Board) O.M. No. 63-1/81-MMC
dated the 4.2.1982]

Recommendation

As on 1.4.1977, Bombay Telephone District had a stock of 1,64,461 barretter lamps. The consumption during the preceding year 1976-77 was 14,010 numbers. In April 1977, the consolidated order placed by DGP&T *Inter-alia* included supply of 80,000 lamps to Bombay Telephone District. The Department has explained that "80,000 lamps were taken as the requirement for four years for consumption in the Telex Exchange at Bombay. The existing stock of Bombay was assumed to be required for the existing telephone exchanges".

[Sl. No. 16 (Para 2.61) of Appendix III to 50th Report of P.A.C. (7th Lok Sabha)].

Action taken

The observation is noted:

[Ministry of Communications (P&T Board) O.M. No. 63-1/81-MMC dated the 4.2.1982]

Recommendation

The Committee consider the reply of the Department as unsatisfactory in as much as order for supply of 80,000 lamps was placed by the Department on incorrect assumptions and without consulting the Bombay Telephone District authorities about the stock position and their future requirements. This is regrettable. From the figures now furnished, it is seen that the stock of barretter lamps in the Bombay Telephone District at the end of the years 1977-78, 1978-79 and 1979-80 was 1,81,117, 2,12,959 and 2,04,292 respectively whereas the annual consumption in those years was 7,33, 9,826 and 8,667 only. The stocks were thus far in excess of actual requirements. This indicates a clear case of bad planning in the system of procurement and distribution of stores. The Committee expect that the distribution machinery in the Department will be revamped to ensure that supplies are made methodically and according to actual requirements.

[Sl. No. 17 (Para 2.62) of Appendix III to 50th Report of PAC (7th Lok Sabha)].

Action taken

Case for setting up of a proper spares management organisation is under consideration. This covers various aspects of strowger spares management like forecasting, procurement, stocking distribution, review of the consumption pattern and reorganisation of the spares Management set up in the field. It is expected that this

arrangement will ensure that timely supplies are made methodically and according to the actual requirements of the field units.

[Ministry of Communications (P&T Board) O.M. No. 63-1/81-MMC dated 15-9-1981].

Further Action taken

In the Action Taken Note sent under OM. No. 63-1/81-MMC, dated 15-9-1981, it was intimated that case for setting up of a proper spares management organisation in the department was under consideration. This aspect was also gone into by the Committee on Telecommunications appointed by the Government during 1981. The Committee has recommended strengthening of stores planning cell in the circles/Districts and the Material Management Cell in the Directorate. These recommendations have been accepted in principle by the Government and proposals are being formulated. This will cover various aspects of Material Management in the P&T Department.

[Ministry of Communications (P&T Board) O.M. No. 63-1/81-MMC/ Vol. V dated 22-4-1982].

Recommendation

The Committee were informed by the Secretary, Communications during evidence that based on actual past consumption, the existing stock of barretter lamps would be consumed in 7½ to 8 years. The information furnished to the Committee indicates that a number of Districts and Circles were carrying heavy stocks as compared to their annual consumption. The committee, therefore, desires that the stock position of this item with various Circles/ Districts should be reviewed afresh and redistribution of lamps done according to the actual needs of the user units.

[Sl. No. 18 (Para 2.63) of Appendix III to 50th Report of PAC (7th Lok Sabha)].

Action taken

Data have been called for so as to review stock position afresh and to assess most appropriate distribution.

[Ministry of Communications (P&T Board) O.M. No. 63-1/81-MMC dated 15-9-1981].

Further Action taken

Data of available stock with units has been compiled and review is being made for proper re-distribution.

[Ministry of Communications (P&T Board) O.M. No. 63-1/81-MMC Vol. V dated 22-4-1982].

Recommendation

The ITI is not manufacturing barretter lamps. It purchases the lamps from the trade on the basis of indents placed by the P&T Department and charges a commission of 8 per cent on the purchase price, for the supplies made to the Department. As regards P&T's need for having an intermediary for such supplies, the Secretary, Ministry of Communications was explained that 'the quality of their (private suppliers) product had to be improved when developmental activity had to be done for which ITI quite often renders service to this Department. Secondly, the barratter is purchased by ITI for use in exchange equipment supplied by them complete to the Department. So we thought, alongwith them, let them purchase these lamps also which the Department needs'. The Committee are informed that there are several other items which are purchased by the ITI from trade and supplied to the P&T Department.

[Sl. No. 19 (Para 2.64) of Appendix III to 50th Report of PAC
(7th Lok Sabha)].

Action taken

The observation is noted.

[Ministry of Communications (P&T Board) O.M. No. 63-1/81-MMC
dated the 4-2-1982].

CHAPTER III

RECOMMENDATIONS AND OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES RECEIVED FROM GOVERNMENT

Recommendation

The Telecommunication Research Centre had apprehended in January, 1977 that the pressurised cables would be damaged if used with unpressurised loading coils. However, in July 1978 the DGP&T instructed the field units to utilise unpressurised loading coils so that the large stocks that had accumulated in the store depots, could be exhausted. The General Manager, Telecommunications, Bangalore had also pointed out in February, 1979 to the DGP&T THAT THE USE OF UNPRESSURISED LOADING COILS with pressurised cables led to serious difficulties and would amount to ruining of lakh worth of cables for the sake of a few thousand worth of loading coils. The Ministry have, however, explained that 'the use of unpressurised coils with pressurised cables would have only made operation of pressurisation less effective. Cable damage as such because of use of such loading coils was not involved. The Ministry have further stated that 'no specific survey was carried out. . . . there has been no other report from the field units of the difficulties faced due to such an arrangement. . . . leakage of gas was detected at some places which was attended and there were no damages. "As regards the view expressed by the TRC regarding the likelihood of damage to pressurised cables when used with unpressurised coils, the Secretary, Communications stated in evidence unfortunately in one of our replies to Audit, a wrong statement was made that TRC apprehends this, this is not borne out by documents. We should have corrected it there." In view of the apprehensions expressed by the TRC and the General Manager, Telecommunications, Bangalore regarding the likelihood of damage to the pressurised cables when used with unpressurised coils, the Committee consider the reply of the Ministry that there had been no report of actual damage, as unsatisfactory. In fact the Ministry had themselves admitted that no specific survey had been carried out and also that leakage of gas had been detected at some places where unpressurised coils had been used with pressurised cables. The Committee are inclined to think that the main anxiety of the Department was to some how utilise unpressurised loading coils of which large stocks had accumulated

due to over-indenting, and as such the question of damage to cables was over-looked. The Committee would, therefore, recommend that a thorough investigation should be made by a team of technical experts before unpressurised coils are put to use with pressurised cables hereafter.

The Committee also require an explanation as to how the stock of unpressurised coils was allowed to accumulate upto a value of Rs. 1.30 crores, in the light of the apprehensions expressed by the actual users.

[Sl. No. 5 (Para 1.89) of Appendix III to 50th Report of PAC (7th Lok Sabha)].

Action Taken

A technical team has been constituted for conducting the investigation. The findings will be intimated in due course.

[Ministry of Communications (P&T Board) O.M. No. 304-5/81-MMS dated 4-9-1981].

Further Action Taken

In the Action Taken Note given under O.M. No. 304-5/81-MMS dated 4-9-1981, it was indicated that a technical team was constituted for conducting the investigation and that the findings would be communicated in due course.

The technical team submitted its report in September 1981 and a copy of the report has been sent to Lok Sabha Secretariat under No. 27-3/81-B dated 24-10-81. The findings and recommendations are in para 8 and 9 of the report. According to findings of the team, the use of unpressurised loading coils on pressurised cables by using the standard method will not damage the pressurised cables in any way. The effectiveness of the pressurisation scheme would, however, be marginally reduced by 0.25 to 0.50 per cent. This will show that the views expressed by General Manager Telephones, Bangalore, were only apprehensions.

[Ministry of Communications (P&T Board) O.M. No. 305-4/81-MMS dt. 13-4-1982].

STATEMENT INDICATING THE ACTION TAKEN ON THE
RECOMMENDATIONS/OBSERVATIONS OF THE PUBLIC
ACCOUNTS COMMITTEE
GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS
(P & T BOARD)

Recommendations

It is surprising that ITI which gave technical know-how to M/s. Electrohms have themselves done precious little to enhance the production of this item in their own factory all these years.

[Sl. No. 9 (Para 1.93) of Appendix III to 50th Report of PAC (7th Lok Sabha)].

Action Taken

In para 1.64 of the report it has been clarified that ITI did not give know-how to M/s. Electrohms. The difficulties of ITI in enhancing the production of this item have been explained in para 1.60 of the report. However, the observations of the PAC have been brought to the notice of ITI.

[Ministry of Communications (P&T) Board) O.M. No. 305-4/81-MMS dt. 13-4-1982].

Recommendation

From the information furnished to the Committee, it is noticed that the decision to centralise the purchase of barretter lamps was taken from 1972-73 following a visit by the Minister in-charge to some telephone districts and some discussions held between the Secretary, Ministry of Communications and the Chairman, ITI. No evidence has been placed before the Committee to indicate whether the proposal to centralise this item of spares was examined on the basis of stock position and the projected requirements.

In fact, the Department have themselves admitted that 'the details of projected requirements and quantities actually in stock in various Circles were not obtained at that time.' This information was of a vital nature and the Committee see no reason why the same was not called for before taking the decision to centralise this item of spares.

[Sl. No. 10 (Para 2.55) of Appendix III to 50th Report of PAC (7th Lok Sabha)].

Action Taken

The observation is noted. However, till 1972-73 Heads of Telecom. Circles/Districts were placing their indents for spares on ITI directly as per the percentages allotted to their units, as ITI was not in a position to meet the requirement of spares fully. The first centralised P.O. was placed on ITI by the Directorate for 1973-74 indicating the percentages of the allotment and the spares to be consigned by ITI to the units directly and Heads of Telecom./Districts were not to place any indents for the same. Since there was acute shortage of essential spares for several preceding years, there was practically not much stock left with the units at that time.

[Ministry of Communications (P&T Board) O.M. No. 63-1/81-MMC dated 15-9-1981].

CHAPTER IV

RECOMMENDATIONS AND OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation

In the view of the Committee, one of the reasons for overstocking was that due to decentralisation in procurement, various P&T circles and districts were placing orders on ITI direct for supply of unpressurised loading coils. At the same time, even at the Central level orders were placed by DGPT. Thus there was utter lack of coordination between the Directorate and its various circles and districts in the matter of procurement of this item of stores. The consequence is that a large stock of unpressurised coils has accumulated. With the introduction of pressurised coils, the rate of normal consumption of unpressurised coils already in stock will go down. This is a matter of concern. The Committee would, therefore, like to know as to how, when and where the balance stock of unpressurised coils valuing Rs. 1.30 crores is proposed to be utilised by the Department.

[Sl. No. 3 (Para 1.87) of Appendix III to 50th Report of PAC
(Seventh Lok Sabha)]

Action Taken

Assessment is being made.

[Ministry of Communications (P&T Board) O.M. No. 304-5/81—
MMS dated the 4 Sept., 1981].

Further Action Taken

An interim reply was furnished under O.M. No. 304-5/81—MMS dated 4th September 1981 in which it was indicated that an assessment was being made. This assessment has since been done. The details giving as to how, when and where the balance stock of unpressurised loading coils is proposed to be utilised are given in the attached statement. Considering the anticipated demands for unpressurised loading coils, the observation is that the bulk of the existing stock costing about Rs. 0.92 crores will be consumed in various Telecom. Circles and Telephone Districts by 1983-84. The balance quantity is expected to be consumed immediately thereafter.

[Ministry of Communications (P&T Board) O.M. No. 305-4/81—
MMS dated 13-4-1982].

Statement showing Balance and Utilization of Loading Coils, PAC Case

50 PAIRS

Name of Circle Distt.	Stock as on 30-9-80	1-10-80 to 31-3-81	Utilization Programme			Total
			1981-82	1982-83	1983-84	
A.P. Circle	13	..	40	40	40	120
Bihar	11	..	4	4	3	11
Gujarat	74	72	10	5	5	92
Karnataka	..	..	..	..	..	..
Kerala	..	..	20	20	..	40
M.P.	4	..	4	..	..	4
W.B.	42	26	4	6	6	42
N.E.	258	..	1	7	5	13
N.W.	55	..	18	18	19	55
Orissa	22	7	2	2	2	13
Rajasthan	118	49	..	18	20	87
U.P.	..	..	..	..	2	2
W.B.	8	..	8	12	10	30
T.N.	..	..	55	17	10	82
CTS G.A.	68	64	..	..	..	64
CTS ND.	..	..	..	..	..	..
CTS MS.	..	..	..	..	..	..
AM Phones	..	..	4	4	4	12
BG.	..	..	..	..	..	..
BRD	1	..	..	..	..	..
By.	145	50	8	8	8	74
CA.	72	34	..	..	..	34
CSTR.	..	..	..	..	..	..
DL.	81	..	7	7	7	21
Ernk.	6	..	2	2	2	6
GH.	47	47	..	7	..	54
Hyd.	10	..	2	4	..	6
Kanpur	..	..	..	..	..	..

1	2	3	4	5	6	7
Madras	..	..	..	..	..	..
Patna	2	..	..	..	..	..
Pune	18	..	6	5	6	18
Rajkot	..	..	..	..	..	..
Surat	4	..	2	1	1	4
Tvm.	16	..	4	6	6	16
TOTAL	1075	349	201	190	160	900

75 PAIRS

Name of Circle/Distt.	Stock as on 30-9-80	1-10-80 to 31-3-82	Utilization Programme			Total
			1981-82	1982-83	1983-84	
1	2	3	4	5	6	7
A.P. Circle	43	..	8	16	10	3
Bihar	2	..	2	..	..	2
Gujarat	..	..	..	..	..	..
Karnataka	..	..	..	..	..	..
Kerala	..	..	..	..	..	..
M.P.	..	..	..	..	..	..
M.H.	..	..	..	..	..	..
N.E.	157	..	..	..	..	..
N.W.	..	..	..	..	..	..
Orissa	..	..	..	..	..	..
Raj.	..	..	..	..	..	..
U.P.	1	1	..	..	..	1
W.B.	..	..	10	10	44	64
T.N.	..	..	..	..	..	..
CTS CA.	25	..	..	..	..	..
CTS ND.	..	..	..	..	..	..
CTS MS	1	..	..	1	..	1
AM Phone	..	..	..	..	..	..

1	2	3	4	5	6	7
BG.	..	..	..	..	..	..
BRD.	..	..	..	..	..	..
By.	..	..	..	..	..	..
CA.	5	..	..	..	..	..
CBTR	..	..	..	..	..	..
DL.	..	..	..	..	..	..
Ernk.	..	..	..	..	..	..
GH.	..	..	..	..	..	..
Hyd.	2	..	..	2	..	2
Kanpur	..	..	..	..	..	..
Madras	..	..	..	..	..	..
Patna	2	..	..	..	..	..
Pune	..	..	..	..	..	..
Rajkot	..	..	..	..	..	..
Surat	..	..	..	..	..	..
Tvm.	..	..	..	..	..	..
TOTAL	238	1	20	29	54	104

100 PAIRS

Name of circle/Distt.	Stock as on 30-9-80	1-10-80 to 31-3-81	Utilization Programme			Total
			1981-82	1982-83	1983-84	
1	2	3	4	5	6	7
A.P. Circle	9	..	..	2	2	4
Bihar	4	..	2	2	..	4
Gujarat	..	..	..	..	..	..
Karnataka	2	2	..	..	..	2
Kerala	2	..	..	..	..	..
M.P.	..	..	..	12	..	12
M.H.	12	11	..	1	..	12

1	2	3	4	5	6	7
N.E.	183	110	5	4	6	125
N.W.	..	..	..	..	..	..
Orissa	182	..	3	2	3	8
Rajasthan	—	—	—	—	..	—
U.P.	52	46	8	8	6	68
W.B.	5	5	10	10	10	35
T.N.	..	..	33	37	4	74
CTS CA.	25	21	..	..	..	21
CTS ND.	64	..	..	..	..	—
CTS MS.	..	..	..	..	..	—
AM Phones	53	..	14	19	20	53
BG.	3	..	1	1	1	3
BRD	4	..	1	2	1	4
By.	64	12	6	3	3	24
CA.	112	2	..	..	..	2
CBTR	15	—	5	5	5	15
DL.	92	..	8	7	7	22
Ernk.	11	..	10	8	8	26
GH.	2	..	2	13	..	15
Hyd.	14	—	..	5	6	11
Kanpur	5	..	2	1	2	5
Madras	2	—	—	2	..	2
Patna	13	..	..	..	..	..
Pune	18	—	4	6	..	10
Rajkot	4	1	2	2	2	7
Surat	..	..	..	..	..	..
Tvm.	3	1	..	..	..	1
TOTAL	885	211	116	152	86	565

150 PAIRS

Name of Circle/Distt.	Stock as on 30-9-80	1-10-80 to 31-3-82	Utilization of Programme			Col.
			81-82	82-83	83-84	
1	2	3	4	5	6	7
A.P. Circle. . . .	5	..	..	..	..	..
Bihar ,,	—
Gujarat ,,
Karnataka ,,
Kerala ,,
M.P. ,,	1	..	1
M.F. ,,	2	2	..	..	..	2
N.E. ,,
N.W. ,,
Orissa ,,
Raj. ,,
U.P. ,,	2	2	..	4
W.B. ,,	10	3	..	13
T.N. ,,
CTS CA.
CTS ND.	—	..	—
CTS MS.	1	..	1	—	..	1
AM Phones.
BG. ,,	—	..	—
BRD ,,	—	..	—
By. ,,	—	..	—
CA. ,,	—
CBTR. ,,	—
DL. ,,
Ernk. ,,	4	..	2	2	..	4
GH. ,,

1	2	3	4	5	6	7
HYD. ,, . . .	..	..	..	..	..	..
Kanpur ,, . . .	..	..	..	..	..	..
Madras ,, . . .	..	..	..	..	..	..
Patna ,, . . .	5	..	..	..	..	..
Pune ,, . . .	6	..	..	..	..	..
Rajkot ,, . . .	..	..	..	..	..	..
Surat ,, . . .	..	..	..	..	..	..
Tvm. ,, . . .	..	—	—	..	..	..
Total : . . .	25	2	15	8	..	25

200 PAIRS.

Name of Circle/Distt.	Stock as on 30-9-80	1-10-80 to 31-3-81	Utilization Programme			Total
			81-82	82-83	83-84	
1	2	3	4	5	6	7
A.P. Circle. . .	16	..	6	3	3	12
Bihar ,, . . .	3	..	3	3	2	8
Gujarat ,, . . .	..	..	..	..	..	..
Karnataka ,, . . .	2	2	..	..	..	2
Kerala ,, . . .	..	..	..	..	..	..
M.P. ,, . . .	..	..	5	2	..	7
M.H. ,, . . .	4	3	..	1	..	4
N.E. ,, . . .	99	51	4	9	7	71
N.W. . . .	..	..	..	..	..	..
Orissa ,, . . .	40	5	..	..	..	5
Rajasthan ,, . . .	..	..	..	..	..	..
U.P. ,, . . .	16	..	5	10	10	25
W.B. ,, . . .	..	..	10	10	10	30
T.N. ,, . . .	..	..	7	7	6	20
CTS CA . . .	..	..	..	..	..	..
CTS ND . . .	..	..	..	..	..	..

1	2	3	4	5	6	7
CTS MS. . . .	..	..	..	..	..	..
AM Phones. . . .	..	..	..	..	..	..
B.G. ,,	9	—	3	3	3	9
BRD ,, . . . .	—	..	..	..	..	..
BY. ,,	83	78	5		..	83
CA. ,,	73	..	6	6	8	20
CBTR ,,	1	..	1	..	..	1
DL. ,,	28	..	9	9	10	28
Ernk. ,,	18	..	11	3	..	14
GH ,,	2	2	2	1	1	6
HYd. ,,	19	..	2	2	2	6
Kanpur ,,	4	..	..	2	2	4
Madras ,, . . . .	..	..	..	..	..	..
Patna ,,	22	—	..	..	..	..
Pune ,,	28	..	..	..	..	..
Rajkot ,,	2	..	2	2	2	6
Surat ,, . . . .	..	..	..	..	..	..
Tvm.,, . . . .	..	..	..	..	..	..
Total :	474	141	81	73	66	361

Recommendation

Faced with the problem of accumulation of unpressurised loading coils, the Department negotiated with M/s. Electrohm Bangalore for conversion of unpressurised coils, into the pressurised type. An experimental order was placed on the firm in September 1970 for converting 23 loading coils of 400 pairs into pressurised type at a cost of Rs. 1.90 lakhs. So far 15 Nos. of such coils have been supplied by the aforesaid firm to Bangalore and Bombay Telephone District and full report on their performance is awaited. The Ministry have stated that 'conversion of additional quantities of pressurised type is not contemplated at this stage.' The Committee find that the cost of conversion to pressurised coil involved an expenditure of Rs. 8000 per piece whereas the cost of a new pressurised coil manufactured by the same firm ranged between Rs. 15910 to Rs. 17,750. The Committee recommend that the Technical Team

of Experts should go into the matter and advise on the following aspects:

1. Performance of the converted coils and how this compare with the performance of the new pressurised coils.
2. Desirability or otherwise of further conversion of the unpressurised coils into pressurised coils on technical and financial considerations.
3. If conversion is not expedient, how best the accumulated stocks of unpressurised coils can be utilised.

The Committee may be apprised of the findings of the Technical Team within 6 months of the presentation of this Report.

[Sl. No. 6 (Para 1.90) of Appendix III to 50th Report of PAC (Seventh Lok Sabha).]

Action taken

A technical team has been constituted for this purpose. The findings will be intimated in due course.

[Ministry of Communications (P&T Board) O.M. No. 304-5/81-MMS dated 4-9-81.]

Further Action Taken

In the action taken note given under O.M. No. 304-5/81-MMS dated 4-9-1981 it was stated that a technical team was constituted and that the findings would be intimated in due course.

The technical team submitted its report in September 1981 and a copy of this report has been sent to Lok Sabha Secretariat under No. 27-3/81-B dated 24-10-1981. A copy has also been sent with action taken note on para 1.89 of the PAC report. The findings of the technical team are contained in para 8 of the report. As per findings the following are the observations on the aspects raised by PAC:

1. The performance of the converted loading coils is expected to be identical with the performance of the new pressurised coils supplied by M/s. Electronohms. There may be a marginal variation in the life of the coil bobbins due to the process of recovery and re-use.
2. The teams observation is that the process of conversion is flexible enough to convert smaller sized unpressurised assemblies into large and standard sized pressurised ones

and this flexibility can be made use of to pool the resources of the entire countries stock and obtain the required sizes of pressurised cables.

3. The conversions expedient as per the findings of the team. However, as per Action Taken Note on para 1.87 the assessment is that there is demand for bulk of the unpressurised loading coils now in stock for use with unpressurised cables.

The findings and recommendations of Technical Team are being examined further.

[Ministry of Communications (P&T Board) O.M. No. 305-4/81-MMS dated 13-4-1982.]

Recommendation

The decision to develop pressurised type loading coils was taken in 1970 and a tentative design was finalised by the TRC in 1971-72. M/s. Electrohms, Bangalore fabricated a prototype of 400 pair loading coil and offered in April 1973 to supply at a price of Rs. 14650/- per coil. On receipt of this offer, the department issued a tender enquiry in 1972-73 for supply of 200 loading coils of 400 pairs each. Out of 13 firms which submitted their tenders, only M/s. Electrohms whose rate was Rs. 15940 per loading coil had submitted the prototype as required under the tender conditions. In April 1974, the Department placed on it an order for supply of 200 loading coils of 400 pairs each valued at Rs. 31.88 lakhs at the tendered rate. The Ministry have informed the Committee that other firms did not respond although the Department tried to see whether they could develop a prototype.

[Sl. No. 7 (Para 1.91) of Appendix III to 50th Report of PAC (Seventh Lok Sabha)]

Action taken

The observation has been noted.

[Ministry of Communications (P&T Board) O.M. No. 305-4/81-MMS, dated 25-1-82]

Recommendation

The Committee find that the Department agreed to successive increases in rates per coil from Rs. 15940 to Rs. 16215 in April, 1975 to Rs. 16727 in June 1977 and to Rs. 17750 in June 1979 in respect of the orders placed on M/s. Electrohms. The Ministry have explained that the increases were agreed to partly due to escalation in the cost of material and

partly due to modifications in design. In all, orders worth Rs. 1.30 crores had been placed on this firm for supply of pressurised coils of different sizes. The Department have stated that this is the only firm in the private sector which is manufacturing pressurised type loading coils. The supply of such coils by ITI a public sector undertaking, has been meagre all along. No wonder M/s. Electrohms took advantage of this situation and demanded increase in their rates of such coils from time to time and succeeded in getting the approval of the department. The committee are now informed that the Department have floated a fresh tender enquiry in August 1980 for supply of pressurised coils of different sizes. As pressurised coils will be required in large quantities for use with pressurised cables to be laid in the tele-communication network all over the country as also for the gradual replacement of the existing unpressurised coils already laid underground, the Committee expect that the Department will endeavour to develop on urgent basis alternate sources of supply of pressurised coils so as to obviate total dependence on one monopoly supplier from the trade as has been hitherto.

[Sl. No. 8 (Para 1.92) of Appendix III to 50th Report of PAC (Seventh Lok Sabha)]

Action taken

On the basis of tender opened in August 1980, orders for pressurised loading coils have been placed on two firms. To develop more vendors for this item another tender for development-cum-supply of loading coils of pressurised type was floated on 14-7-81.

[Ministry of Communications (P&T Board) O.M. No. 305-4/81-MMS, dated 25-1-82]

CHAPTER V

RECOMMENDATIONS AND OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

Recommendation

When the decision to centralise this item of spares was taken, it was felt, according to the Secretary, Communications, that 'the position would be manageable because we have the data relating to genuine needs of the various operating units and we would be able to even the shortage if there is a national shortage.' As later events showed, this expectation was totally belied in as much as neither the forecast requirement for the years 1973-74 to 1975-76 (11.92 lakhs pieces) nor the orders placed on ITI (13.96 lakh pieces) for supply during this period was related to the annual consumption of barretter lamps which was only around one lakh annually. The committee cannot but conclude that there was a failure of inventory control system and orders had been placed on the ITI without proper assessment of requirements as per consumption. Also there was utter lack of coordination between the DGPT and the ITI in the matter of placement of indents and effecting supplies. The committee desire that an investigation be made to find out how such grossly exaggerated forecasts were made and even orders placed on ITI were for quantities higher than those estimated. Responsibility should be fixed on the officers at different levels who placed orders in large quantities totally unrelated to actual requirements thereby resulting in over-stocking of these lamps.

[Sl. No. 12 (Para 2.57) of Appendix III to 50th Report of PAC (Seventh Lok Sabha)]

Action taken

An investigation has been initiated. Results will be intimated in due course.

[Ministry of Communications (P&T Board) O.M. No. 63-1/81-MMC dated 15-9-1981]

FURTHER ACTION TAKEN

Supply of barretter and other maintenance spares for Strowger exchanges including Telex exchanges in the late 1960s and early 1970s was precarious. So in 1971, an attempt was made to intimate

to M/s. ITI well in advance the forecast requirements year by year of various items of Strowger spares. A list of 193 items (including barretter lamps) which were in acute short supply in previous years were chosen as essential items of spares for the purpose of central ordering and close scrutiny from the point of view of supply from ITI as these items were critical from the point of view of maintenance.

In earlier years the non supply of barretters used to result in keeping of switches and Relay sets busied and affected the services. The quality of indigenous barretters was poor resulting in frequent failures. A systematic attempt was made over the years to improve the quality and quantity of supply and also to explore the ways and means of reducing consumption rate of barretters. The barretters have been in use in Telephone Exchanges as well as in telex exchanges. In Telephone exchanges these items are used in Auto to Auto Relay Sets and in final selectors. In Telex exchanges these items are in use of subscriber lines circuits and in relay repeater circuits. The consumption of barretters in Telex exchanges and in Telephone Exchange was heavy in the earlier years. After detailed examination of the transmission considerations, a decision was taken in 1972 to eliminate the use of barretters in 1st code selectors of Calcutta and final selectors in all Strowger exchanges in multi-exchange areas. Late in 1975 barretters were withdrawn from the Auto to Auto Relay Sets in Telephone Exchanges. Initially this decision was applicable to new equipment to be produced by ITI.

Side by side with the elimination of barretters as far as telephone exchanges were concerned, an attempt was made to improve the quality of barretters as also to lessen the consumption in Telex exchanges by effecting circuit modification. At one stage, the barretters requirements in telex exchanges was in the order of 10 to 12 per line per year. By stressing on the improvement in quality and doing circuit modifications, this consumption was brought down to 4 to 6 per year per telex line.

The information on the placement of orders regarding barretters on ITI for the years 1973-74, 1974-75, 1975-76 and position of supply effected by ITI against these years is indicated below:

Year	Orders Placed	Supply from ITI
1973-74	3,60,000	1,95,000
1974-75	8,96,000	4,96,216
1975-76	4,35,600	6,56,930
TOTAL :	13,91,600	13,48,146

From the above, it can be seen that there was no relation in placing of orders and supply.

During 1976-77 P & T did not want to place any order for barretters on ITI in view of elimination of the barretters in telephone exchanges and due to reduction of demand for the same. Additional factor which prompted P & T not to order was the improved supply of previous orders.

At the same time, Indian Telephone Industries pressed for placement of orders on a continuing basis at about the level of previous years or with addition of 10 per cent for extra growth on the plea that they had already taken procurement action for this item. To strengthen their above stand, they have been quoting that supply of maintenance spares had been discussed earlier by the Minister on 2nd May, 1973 at ITI at which it had been stressed that the supply of spares should be increased by ITI. Hence ITI contended that they had already taken procurement action for 5 lakhs. At the same time P & T resisted the idea of ordering any barretter for the year 1976-77, stating that they had adequate spares and they did not want any further supplies from the ITI.

In view of the totally non-convergent positions taken by the P & T and the ITI in regard to supply of barretters ITI proposed a discussion on this in a special meeting between P & T and ITI which was held on 10-2-77. At this meeting ITI indicated that they had taken procurement action to supply barretters for 1976-77 and requested an order to be placed. P & T again reiterated that they did not need this item. After discussion, P & T ascertained as to how much quantity of barretters was already in stock with the ITI. P & T also wanted to cancel the order for the balance quantity. It was indicated by the ITI that they had stock of 2,68,999 with them which they had procured for supply to the P & T in anticipation of the order. It was felt that even if P & T decline to order for this, ITI would be forced to dispose of these items as a slow moving item for inventory control reason, the loss would ultimately may have to be borne by P & T. In view of the fact that special relations exist between P & T and ITI, P & T agreed finally that this would be covered by the order for use in P & T over the coming years.

In view of the above, it can be seen that there was no failure on the part of P & T. Had the ITI not stressed for placing the orders for barretters during 1976-77, there would have been no overstocking of barretters with P & T.

In view of the above, it is not possible, rather difficult to hold any individual P & T officer responsible for over-stocking of barretters.

[Ministry of Communications (P & T Board) O.M. No. 63-1/81-MMC, Vol. IV dated 26-3-1982].

Recommendation

It is rather surprising that the P & T Department purchases from ITI several items which the ITI itself does not manufacture. The committee feel that the Department which has its own purchase organisation as also technical staff should in most cases be able to make purchases direct from the manufacturers. They recommend that the Department should review each item of stores which is supplied by the ITI but not manufactured by it, identify those items which could be purchased direct from the manufacturers and gear up its organisation to effect such purchases.

[Sl. No. 20 (Para 2.65) of Appendix III to 50th Report of PAC (7th Lok Sabha)].

Action taken

A review is being made in consultation with ITI.

[Ministry of Communications (P & T Board) O.M. No. 63-1/81-MMC dated 15-9-1981].

Further Actiontaken

In the action taken note sent under OM No. 63-1/81-MMC dated 15-9-81 it was intimated that a review is being made in consultation with ITI Identification of those items that could be purchased direct from the manufacturers is being done in consultation with ITI. The work is voluminous as a large number of such items is involved. The detailed review is expected to take time.

[Ministry of Communications (P & T Board) O.M. No. 63-1/81-MMC Vol. IV dated 22-4-1982].

NEW DELHI;

August 3, 1982.

Sravana 12, 1904 (Saka).

SATISH AGARWAL

Chairman

Public Accounts Committee.

PART II

MINUTES OF THE SITTING OF THE ACTION TAKEN SUB-COMMITTEE OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON 20 JULY, 1982 (A.N.)

The Committee sat from 16.00 hrs. to 17.45 hrs.

PRESENT

Shri Satish Agarwal—*Chairman*.

MEMBERS

2. Shri K. Lakkappa
3. Shri G. L. Dogra
4. Shri Sunil Maitra
5. Shri Bhiku Ram Jain
6. Shri Kalyan Roy

ALTERNATIVE CONVENERS—(BY INVITATION)

1. Shri B. Satyanarayan Reddy
2. Shri Uttam Rathod.
3. Shri Nirmal Chatterjee
4. Shri Ram Singh Yadav

REPRESENTATIVES OF THE OFFICE OF C & AG

1. Shri P. P. Dhir—*Addl. Dy. C & AG of India*.
2. Shri R. S. Gupta—*Director of Receipt Audit*.
3. Shri L. P. Khanna—*Director of Audit, P & T*.
4. Shri S. R. Mukherjee—*Director of Audit, CWM*.
5. Shri G. N. Pathak—*Director of Audit, Defence Services*.
6. Shri G. R. Sood—*Joint Director (Reports)*.

SECRETARIAT

1. Shri K. C. Rastogi—*Chief Financial Committee Officer*.
2. Shri K. K. Sharma—*Senior Financial Committee Officer*.

The Sub-Committee took up for consideration and adopted the draft 117th, 118th, 119th and 120th Action Taken Reports with some amendments/modifications. The Committee also approved some amendments/modifications arising out of factual verification by Audit.

4. The amendments/modifications made in the draft 117th, 118th, 119th and 120th Report are indicated in Annexure III.

* * * *

The Sub-Committee then adjourned.

ANNEXURE III

Amendments/Modifications made by the Action Taken Sub-Committee of the Public Accounts Committee in draft 119th Report at the sitting held on 20 July, 1982.

<i>Page</i>	<i>Para</i>	<i>Line(s)</i>	<i>Amendments/Modifications</i>
2	sub-heading		<i>For S. Nos. 5, 9, 10 and 12"</i> <i>Substitute 5, 9 and 10</i>
2	sub-head (iv)		<i>For "S. No. 20" substitute</i> <i>"S. Nos. 12 and 20".</i>
6	1.8	11	<i>For "this" Read "the"</i>
6	1.8	15	<i>For "accommodation</i> <i>Read "accumulation".</i>

APPENDIX

STATEMENT OF CONCLUSIONS AND RECOMMENDATIONS

Sl. No.	Para No.	Ministry/ Department Concerned	Conclusions/Recommendations
			4
1.	1.4	Ministry of Communications (P. & T. Board)	<p>The Committee desire that replies showing conclusive action taken wherever required on the above recommendations be processed expeditiously and the requisite notes submitted to the Committee after getting them vetted by Audit.</p> <p>In view of heavy accumulation of stock of unpressurised coils valuing Rs. 1.30 crores as in September 1980, the Committee had desired to be furnished with details as to how, when and where the accumulated stock of this item was proposed to be utilised. In their reply, the department have stated that according to their assessment, the bulk of the existing stock costing about Rs. 0.92 crores would be consumed by various Telecom. circles and Telephone districts by 1983-84 and the balance quantity was expected to be consumed immediately thereafter. The reply of the department thus clearly shows that due to total absence of coordination between the P & T Directorate and its various circles and districts in the matter of procurement of this item, there has been heavy accumulation with the result that the stock is not likely to be consumed even by 1983-84. The Committee cannot but conclude that this is a clear</p>
2.	1.8	—do—	

case of total negligence and disregard of principle of financial prudence on the part of the P&T Department. In view of the increasing use of pressurised coils in place of unpressurised coils, the Committee are doubtful if it would be possible for the Department to utilise the existing stock of unpressurised coils in the foreseeable future. The Committee would like the circumstances for such heavy accumulation to be investigated and responsibility fixed for the lapse.

—do—

The Committee had desired (para 1.90) that performance of converted coils *vis-a-vis* new pressurised coils, feasibility of conversion of unpressurised loading coils into pressurised ones from technical and financial point of view and proper utilisation of accumulated stocks of unpressurised coils if conversion was not expedient should be gone into by a technical team of experts. The Committee find that on the basis of the findings of the technical team the Government have come to the conclusion that the performance of the converted loading coils by and large is expected to be identical with the performance of the new pressurised coils. The process of conversion is flexible enough and this flexibility could be made use of to pool the resources of entire country's stock and obtain required sizes of pressurised coils. The Committee desire that the desirability of converting the unpressurised coils expected to be left in stock after 1983-84 into the pressurised coils should be considered afresh and the Committee informed of the concrete action taken in this regard.

1.4

3.

4. 1.12

—do—

The Committee were informed that the P&T Department had been placing orders for purchase of pressurised type loading coils with a private firm M/s Electrohms, Bangalore. The Department had agreed to successive increases in rates per coil in respect of coils supplied by this firm ostensibly because of the failure of ITI, Bangalore to supply the required quantities. As pressurised coils would be required in large quantities for use with pressurised cables to be laid in the telecommunication net-work all over the country as also for the gradual replacement of the existing unpressurised coils already laid underground, the Committee had desired that the P&T Department should endeavour to develop on urgent basis alternative sources of supply of pressurised coils so as to obviate total dependence on one monopoly supplier from the trade. In their reply, the Ministry of Communication (P&T Board) had stated that on the basis of tender opened in August 1980, orders for pressurised loading coils had been placed on two firms and another tender for development-cum-supply of loading coils of pressurised type was floated on 14 July, 1981.

5.. 1.13

—do—

The Committee would like to be apprised of full details of the parties with which the orders for pressurised loading coils have been placed as well as the rates tendered by each of these firms and the final price settled with these firms. The Committee would also

like to be informed of the outcome of the tender for the development
cum-supply of loading coils of pressurised type floated on 14 July,
1981 with a view to develop more vendors for this item.

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PUBLISHED UNDER RULE 382 OF THE RULES OF PROCEDURE AND CONDUCT
OF BUSINESS IN LOK SABHA (SIXTH EDITION) AND PRINTED BY THE
GENERAL MANAGER, GOVERNMENT OF INDIA PRESS,
MINTO ROAD, NEW DELHI.